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STATISTICAL BULLETIN

Highlights

- LABOR MARKET REMAINS STRONG
- CONSUMER DEMAND IS STILL EXPANDING
- EXCEPT FOR CARS AND HOMES
- AND NEW ORDERS ARE WEAK
- SO INDUSTRIAL OUTPUT REMAINS FLAT
- BUT INVESTMENT GROWTH MAY RESUME SOON
- AND EXPORT GROWTH EXCEEDS IMPORT RISE
- OUTLOOK • GROWTH WILL QUICKEN TO 2½%—3% RANGE IN SECOND HALF, AFTER A SUB-PAR 2% SECOND QUARTER

Volume 20, No. 6, June, 1987

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The Conference Board

OVERVIEW: A consistent theme has been running through the **Economic Forecasts** during the first half of 1987: Although the current expansion is now in its 5th year, some growth potential remains in consumer demand, business investment will recover in the second half of this year, the trade deficit will continue to turn around, and some inventory rebuilding will be scheduled. Nevertheless, the unemployment rate will not improve very much. Conversely, the inflation rate will not be as low as in 1986, when oil prices plunged. However, it will not be much higher than in 1985.

As with any forecast, there have been some hits and some misses. Consumer demand is growing. The trade deficit has narrowed. And there are signs that investment will rise. Moreover, inflation does not appear to be moving above a 5% annual rate.

The misses: Except for cars, no inventory buildup is in evidence and the unemployment rate has improved. Thus, no major change in the outlook is warranted. The **Economic Forecasts** for a reasonably strong second half, remain in place.

DOMESTIC MARKET MONITOR

Despite meager economic growth in the second quarter, employment growth has been strong enough to pull the unemployment rate down to 6.3% in May, from 6.7% in March. That is due, in part, to a switch from scheduling overtime to hiring new workers. Total hours worked were no higher in May than 3 months earlier.

The drop in the unemployment rate, however, also reflects a pickup in labor demand, which has improved despite the sluggish pace of the economy in the second quarter. That suggests the new hiring has been anticipatory.

Reflecting this trend, The Conference Board's **Help-wanted Index**, at 144 (1967 = 100) in April, is 12 points above its level a year ago. Early returns to the May survey show that it continues to run well above the year earlier readings. The rise in labor demand is a sign that business executives remain confident about prospects for the second half of the year.

INCOME: Hourly pay rates improved slightly in May, after no gain in April. The average hourly rate in private industry was 6 cents higher in April than 2 months earlier, despite virtually no change in construction or manufacturing.

Although there was little change in hours worked or hourly pay, wage-income growth has been slow. Wages in commodity-producing industry were only 0.2% higher in April than 3 months ago. Wages in other industries were 2% higher. Nonwage income growth picked up a bit, due mainly to a recovery in interest and rental income. Total nonwage income was 2.6% higher in April than 3 months ago—slightly faster growth than earlier this year.

After 4 months of virtually no change, the pace of consumer borrowing in April resumed the slow rise of last Autumn. And with income rising faster than borrowing, consumer debt load has been falling. That's good news on consumer balance sheets and it could facilitate some spending.

Recent job gains have helped allay some nervousness. The Conference Board's **Consumer Confidence Index** stood at 103.1 (1985 = 100) in May, compared with 85.4 in January.

SPENDING: With some exceptions, consumer spending is still growing moderately. Retail sales, except cars, were 3% higher in April than 3 months earlier, despite only a 0.5% rise in furniture and appliance sales.

New Domestic **Automobile Sales** declined in May, after a rather slow pace in the preceding 3 months. Foreign model sales have been flat. The lack of sales has prompted some announced cutbacks in domestic production.

CONSTRUCTION: Slow selling has prompted a cut in building. Despite a rise in April, new single-family home sales were at the same level as last December. Single-unit housing starts were 0.2% lower in April than 3 months earlier. And multi-unit starts were 20% lower. The market for new homes is weak and rental housing remains in a tailspin.

One bright spot is that the slump in nonresidential construction may be ending. Although industrial and office building continue to decline, and public spending on roads and sewers has leveled off, public building is still rising and commercial building has begun to recover.

PRODUCTION: Industrial output has been slow in areas where demand has been soft. Car output was 2.2% lower in April than 3 months earlier—and more cutbacks are planned. Output of appliances and furniture was 1% lower. And energy output was weak. Conversely, business equipment was 0.7% higher, as was defense- and space-related output. Altogether, industrial production was flat through much of the first half of the year. But except for cars, that is expected to change.

Ken Goldstein, Editor

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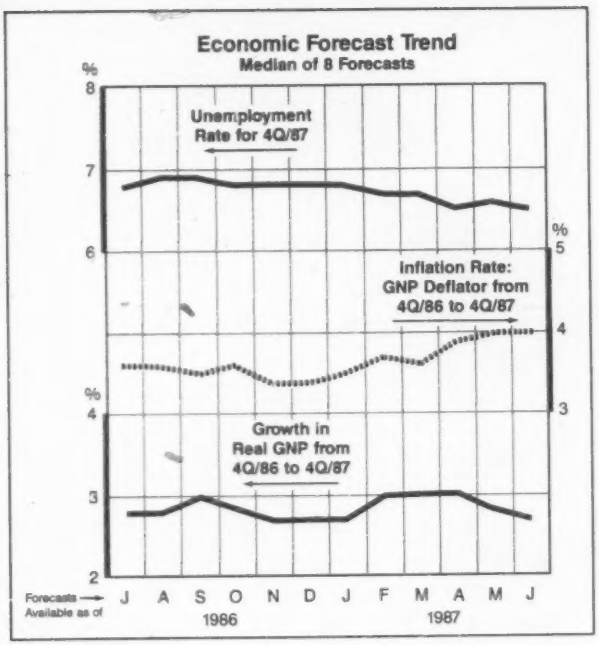
845 Third Avenue
New York, New York 10022

The Conference Board, Inc.
Avenue Louise, 207-Bte 5
B-1050 Brussels, Belgium

The Conference Board, Inc.
1755 Massachusetts Avenue, N.W.
Suite 312
Washington, D.C. 20036

The Conference Board of Canada
255 Smyth Road, Suite 100
Ottawa, Ontario, K1H-8M7



Although industrial production has been flat, plant and equipment use has actually declined, probably due to efforts to cut costs and boost productivity. It is also less expensive to pay straight time to new workers than overtime rates. Hence, the rise in hiring.

The ongoing ordering rate offers little evidence that business is picking up. Total new durable orders were only 0.2% lower in March than 3 months ago. But nondefense orders were almost 3% lower. Moreover, orders for finished goods continue to outpace orders for raw materials. Still, producers do not seem worried.

INVENTORY: The story here is no different than it was one month ago: a fairly large inventory of unsold cars at the retail level, but no rise in inventory elsewhere.

With a relatively high degree of idle capacity and uninspiring increases in production, business leaders haven't made new investment a high priority. But The Conference Board's **Measure of Business Confidence** suggests that executives are optimistic about sales and profits. Also, The Conference Board's survey of **Capital Appropriations and Expenditures** shows that some of the profit will be invested in plant and equipment. Thus, investment can expand even though interest rates are up.

INFLATION: After 4 months of small increases, raw commodity prices rose sharply in April and May—3.1% and 5.8%, respectively. These strong price changes may indicate that industrial demand is expected to pick up.

Farm prices have also begun to recover after a prolonged slump. Indeed, increases in raw food and energy prices helped produce a 0.9% rise in the **Producer Price Index** in April, after 5 months of very modest increases. Moreover, nonfood, nonenergy raw material prices at the wholesale level rose 1.6% in April—reflecting the run-up in the Commodity Price Index.

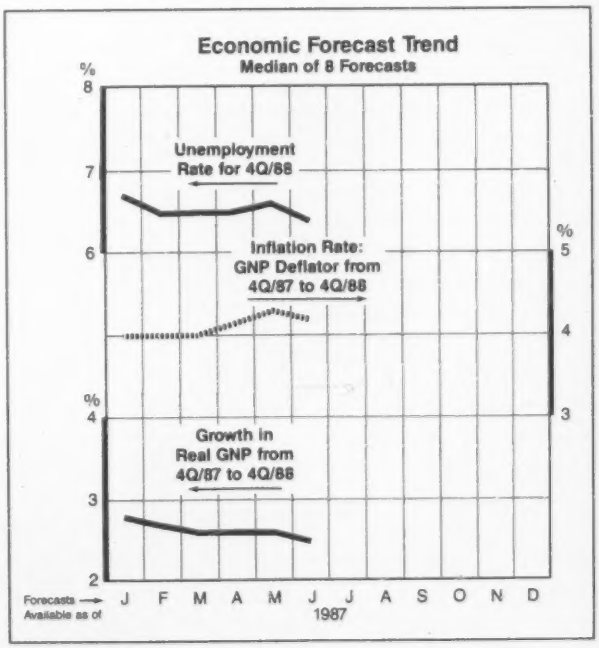
INTERNATIONAL MONITOR

Total imports rose sharply in February and March, reversing earlier declines. Total imports were only 1.2% higher in March than in October. Imports of manufactured goods were 5.2% higher, despite a 6.3% drop in shipments of aircraft and parts. And imports of other manufactured goods have slowed significantly.

Export growth, conversely, has improved. Total exports were 7.7% higher in March than in October. Manufactured exports were 12.3% higher. This growth was achieved despite the fact that exports to Japan, Canada, and several other destinations actually declined.

After declining relatively sharply in the first 4 months of this year, the trade-weighted **Exchange Rate** of the dollar against other major currencies was only 0.4% lower in May.

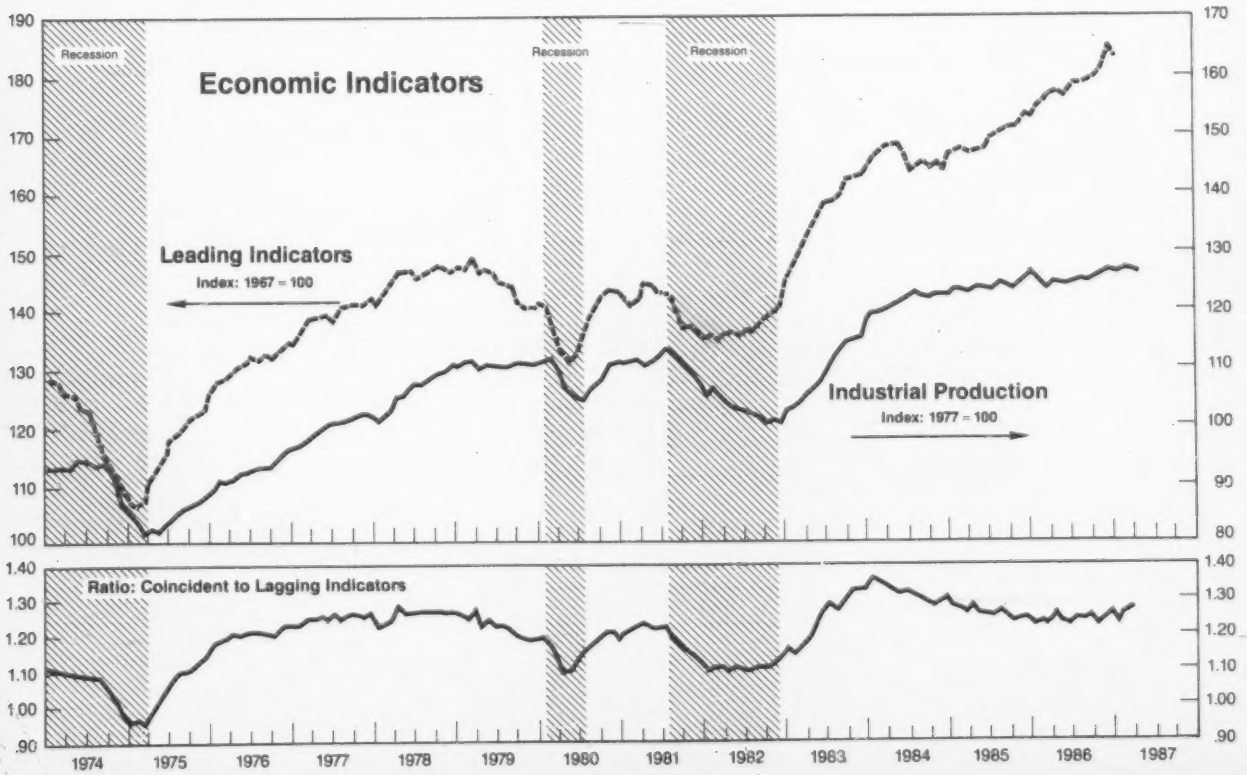
Ken Goldstein
June 12, 1987



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Apr.		X		0.5%	4.8%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Apr.	X			6.1%	8.2%
New orders, nondefense capital goods (deflated)	Apr.	X			5.2%	10.2%
*New business formation	Apr.	X			5.2%	1.1%
*Housing permits	Apr.			X	- 3.3%	-14.7%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Apr.		X		3.9%	3.3%
*Change in inventory, on hand & order (deflated)	Apr.	X			34.5%	- 0.4%
Purchasing agents' buying policy	May		X		5.0%	9.0%
*Vendor performance, reported slower deliveries	May	X			8.0%	5.0%
Industrial raw materials prices	May.	X			9.1%	21.9%
*Change in sensitive material prices	Apr.			X	- 1.2%	0.3%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Apr.		X		- 0.7%	4.3%
Change in business loans	Apr.		X		-117.0%	52.0%
*Change in credit outstanding	Mar.			X	-12.4%	- 3.7%
Change in consumer installment debt	Apr.		X		25.7%	-36.1%
Profitability						
Total corporate profits, after tax (deflated)	1st.Q			X	- 6.8%	5.7%
*Common stock prices	May		X		2.9%	21.2%
Marginal Employment Adjustments						
*Average workweek, mfg.	Apr.			X	- 0.5hr	- 0.2hr
*Initial unemployment claims (inverted)	Apr.	X			9.7%	13.4%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



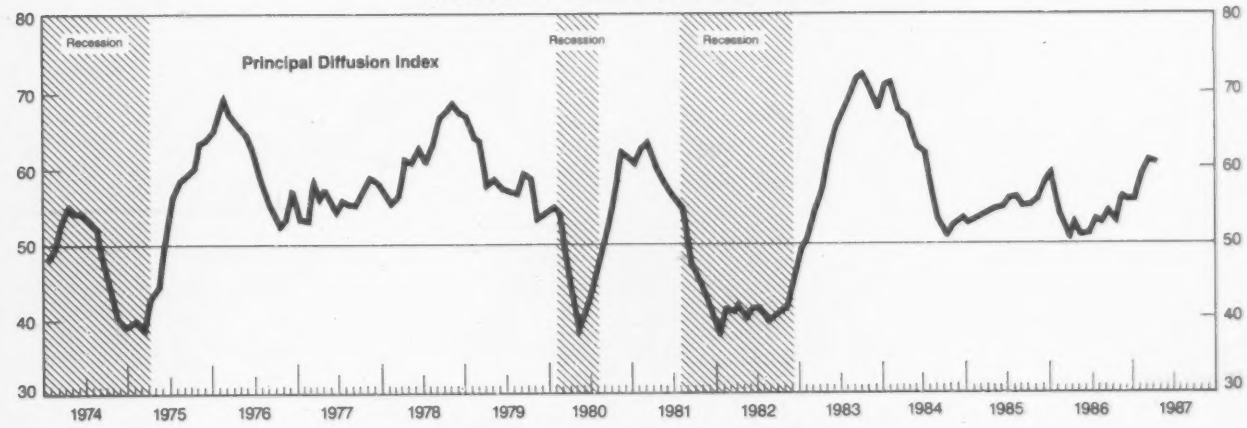
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986 Apr.	1987 Jan.	Feb.	Mar.	Apr.(e)
Principal Diffusion Index	53.2	56.8r	58.9r	61.1r	60.4
Auxillary Diffusion Index	59.9	52.4r	57.1r	57.0r	47.8
Industrial Group	51.2	52.5r	56.5r	59.0r	57.9
Nonindustrial Group	55.3	61.0	61.4r	63.2r	62.9
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	65.4	62.8r	63.7r	64.1r	59.0
Labor	48.2	52.4	56.0	57.2	57.8
Miscellaneous	37.3	37.2	46.8	55.8	56.4
Nonindustrial Subgroups					
Prices	53.9	76.9	73.7	78.2	82.1
Consumer	65.8	63.2	68.8	68.8r	68.4
Building	50.3	47.4	48.7	50.0	42.9
Miscellaneous	49.1	57.3	54.3r	56.4r	58.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984 May	1984 Aug.	1984 Nov.	1985 Feb.	1985 May	1985 Aug.	1985 Nov.	1986 Feb.	1986 May	1986 Aug.	1986 Nov.	1987 Feb.
	Score (scale 0-100)											
Measure of Business Confidence	65	61	57	61	52	51	55	61	61	50	51	55
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	75	70	57	62	48	45	53	63	61	44	50	56
2. Expectations for Economy, Six Months Ahead	60	57	57	61	53	53	56	62	62	52	51	54
3. Expectations for Own Industry, Six Months Ahead	61	57	58	61	55	54	56	59	60	54	53	56

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

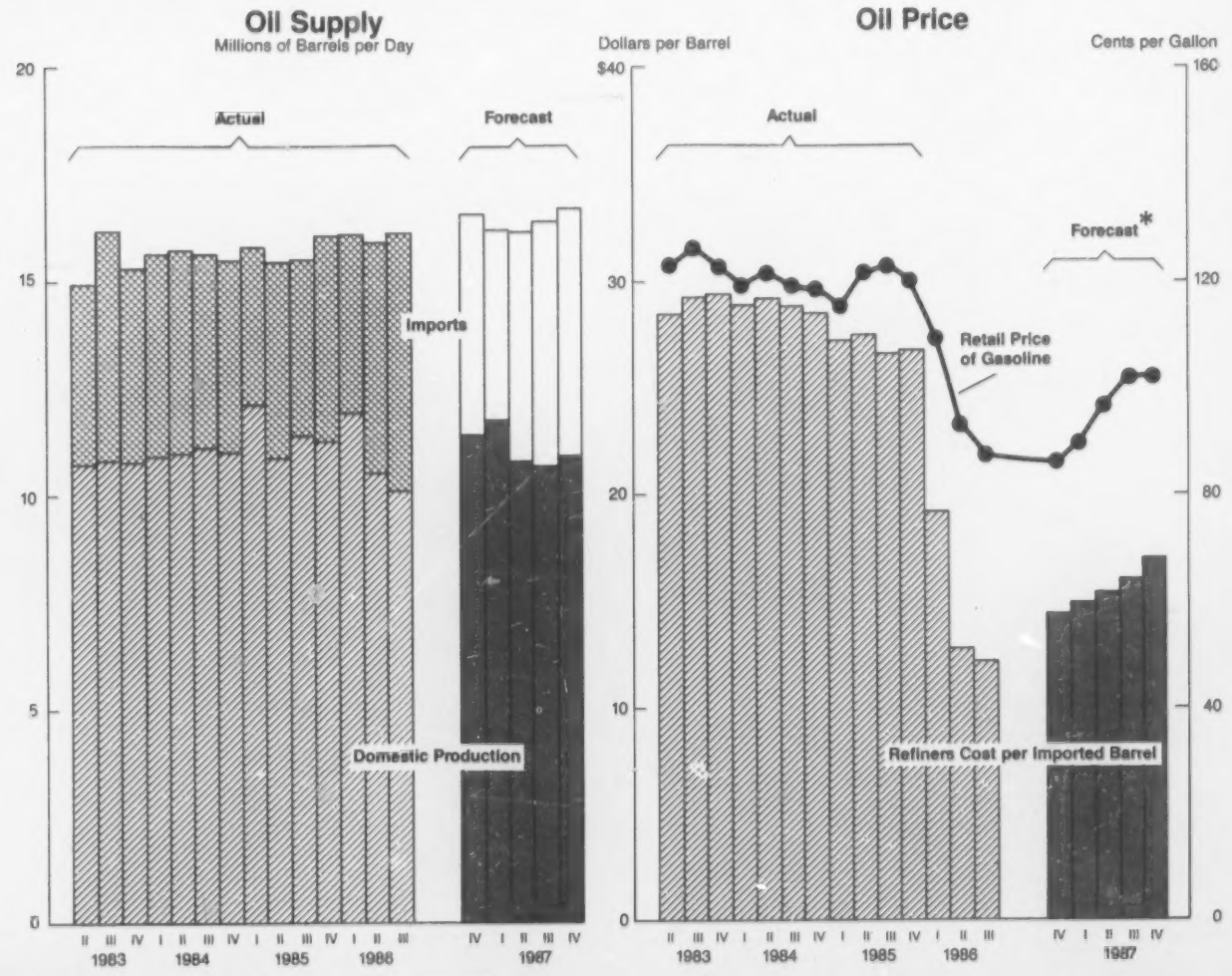
Billions of Dollars, Seasonally Adjusted

	1985		1986				1987	Percent Change From Previous Year	
	III	IV	I	II	III	IVr	Ip	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	24.167	27.190	23.386	19.991	20.203	22.097	[illegible].955	- 2	32
Capital expenditures	24.730	26.336	23.566	24.309	22.452	23.2[illegible]	[illegible]51	- 6	11
Change in appropriations backlog*	-2.702	-2.594	-2.368	-6.447	-5.060	-10.9[illegible]	[illegible]5		
Durable Goods									
New appropriations	12.031	12.005	11.613	9.578	10.051	10.807	10.431	- 3.5	26
Capital expenditures	12.299	12.676	11.479	11.880	12.186	12.915	12.088	- 6.4	7
Change in appropriations backlog*	-1.094	-3.063	-1.582	-3.824	-3.986	- 4.140	-2.537		
Nondurable Goods									
New appropriations	12.136	15.185	11.773	10.413	10.152	11.290	12.524	10.9	38
Capital expenditures	12.431	13.660	12.087	12.429	10.266	10.384	10.063	- 3.1	17
Change in appropriations backlog*	-1.608	+0.469	-0.786	-2.623	-1.074	- 6.853	+1.972		
ELECTRIC & GAS UTILITIES									
New appropriations	15.139r	5.093r	8.692r	9.084	5.094	5.044		+ 3	
Capital expenditures	9.366r	9.078r	8.417r	7.425	8.115	7.839		- 2.0	
Change in appropriations backlog*	+4.662r	-4.984r	-0.261r	+1.773	-7.325	-0.028			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

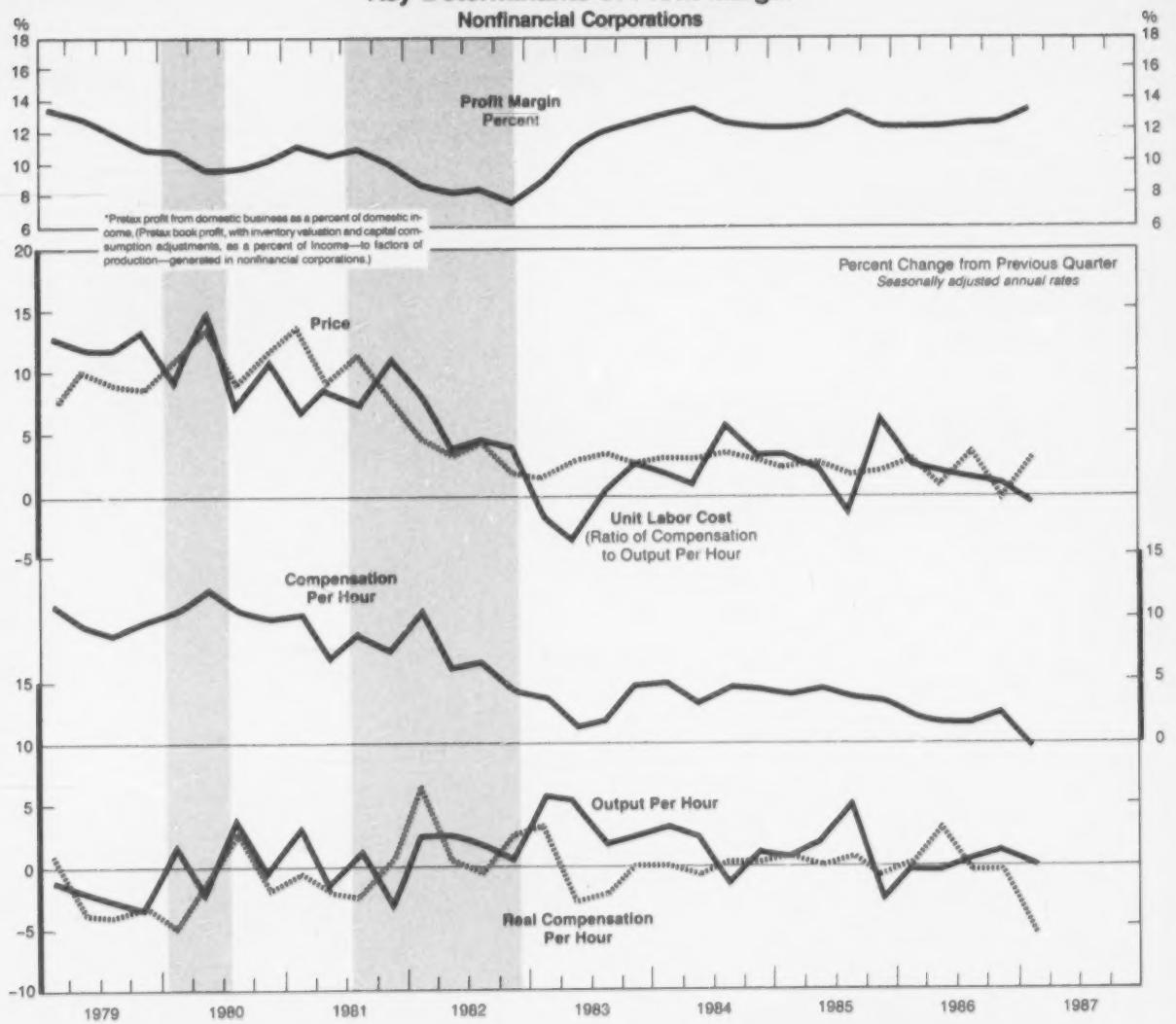
r—revised p—preliminary

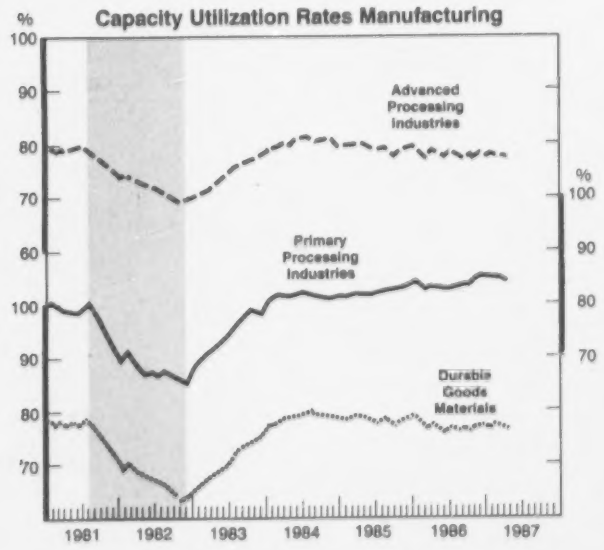
* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments).

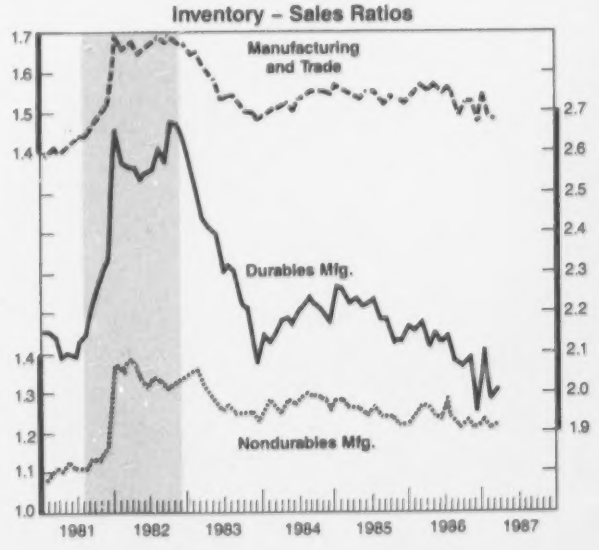


* Source of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin







ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*May, 1987*		*May, 1987*		*May, 1987*		*May, 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1987**	**I**	**$4348.4**	**8.7%**	**$4348.4**	**8.7%**	**$4348.4**	**8.7%**	**$4348.4**	**8.7%**
		II	4413.9	6.2	4401.0	4.9	4453.2	10.0	4405.3	5.3
		III	4491.9	7.3	4471.2	6.5	4537.6	7.8	4473.1	6.3
		IV	4562.2	6.4	4545.3	6.8	4620.6	7.5	4542.7	6.4
	1988	I	4650.9	8.0	4633.5	8.0	4696.6	6.7	4615.4	6.6
		II	4723.8	6.4	4718.7	7.6	4778.6	7.2	4694.0	7.0
		III	4792.6	6.0	4808.1	7.8	4863.7	7.3	4779.8	7.5
		IV	4867.3	6.4	4900.1	7.9	4940.8	6.5	4842.5	5.4
	1989	I	4950.8	7.0	4998.9	8.3	4996.4	4.6	4898.7	4.7
		II	5032.8	6.8	5094.9	7.9	5059.1	5.1		
	1987	Annual	4454.1	5.9	4441.5	5.6	4490.0	6.7	4442.4	5.6
	1988	Annual	4758.7	6.8	4765.1	7.3	4819.9	7.3	4732.9	6.5
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1987**	**IV**	**$3735.9**	**4.4%**	**$3735.9**	**4.4%**	**$3735.9**	**4.4%**	**$3735.9**	**4.4%**
		II	3761.2	2.7	3742.6	.7	3758.0	2.4	3749.2	1.4
		III	3791.5	3.3	3760.2	1.9	3794.0	3.9	3771.6	2.4
		IV	3822.1	3.3	3780.4	2.2	3825.0	3.3	3795.1	2.5
	1988	I	3860.2	4.0	3803.2	2.4	3856.0	3.3	3808.1	1.4
		II	3883.6	2.4	3826.3	2.5	3885.0	3.0	3835.0	2.9
		III	3900.3	1.7	3850.4	2.5	3916.0	3.2	3864.0	3.1
		IV	3924.3	2.5	3875.2	2.6	3940.0	2.5	3870.9	.7
	1989	I	3949.2	2.6	3899.4	2.5	3956.0	1.6	3863.3	-.8
		II	3974.1	2.5	3922.2	2.4	3971.0	1.5		
	1987	Annual	3777.7	2.8	3754.8	2.2	3778.2	2.8	3763.0	2.4
	1988	Annual	3892.1	3.0	3838.8	2.2	3899.3	3.2	3844.5	2.2
Gross National Product deflator Index, 1982 = 100										
Actual	**1987**	**I**	**116.2**	**4.1%**	**116.4**	**4.1%**	**116.4**	**4.1%**	**116.4**	**4.1%**
		II	117.4	3.3	117.6	4.2	118.5	7.4	117.4	3.9
		III	118.5	3.9	118.9	4.6	119.6	3.8	118.6	3.8
		IV	119.4	3.0	120.2	4.5	120.8	4.1	119.7	3.8
	1988	I	120.5	3.8	121.8	5.4	121.8	3.4	121.2	5.1
		II	121.6	3.9	123.3	5.0	123.0	4.0	122.4	4.0
		III	122.9	4.2	124.9	5.1	124.2	4.0	123.7	4.3
		IV	124.0	3.8	126.4	5.1	125.4	3.9	125.1	4.6
	1989	I	125.4	4.4	128.2	5.8	126.3	2.9	126.8	5.6
		II	126.6	4.1	129.9	5.4	127.4	3.5		
	1987	Annual	117.9	3.0	118.3	3.3	118.8	3.8	118.0	3.1
	1988	Annual	122.3	3.7	124.1	4.9	123.6	4.0	123.1	4.3
Unemployment Rate										
Actual	**1987**	**I**		**6.7%**		**6.7%**		**6.7%**		**6.7%**
		II		6.4		6.5		6.6		6.3
		III		6.5		6.6		6.4		6.4
		IV		6.4		6.6		6.4		6.4
	1988	I		6.3		6.5		6.6		6.5
		II		6.2		6.5		6.6		6.4
		III		6.1		6.4		6.6		6.4
		IV		6.1		6.4		6.7		6.4
	1989	I		6.1		6.3		6.9		6.5
		II		6.1		6.3		6.9		
	1987	Annual		6.5		6.6		6.5		6.4
	1988	Annual		6.2		6.5		6.6		6.4

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised first quarter data.

THE ECONOMIC FORECASTS (continued)

The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
May, 1987		*May, 1987*		*May, 1987*		*May, 1987*		*Date of Forecast*		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$4348.4	**8.7%**	**$4348.4**	**8.7%**	**$4348.4**	**8.7%**	**$4348.4**	**8.7%**	**I**	**1987**	**Actual**
4413.0	6.1	4391.8	4.1	4403.6	5.2	4401.9	5.0	II		
4484.0	6.6	4446.5	5.1	4478.3	7.0	4469.4	6.3	III		
4556.0	6.6	4509.8	5.8	4535.6	5.2	4550.0	7.4	IV		
4613.0	5.1	4556.6	5.1	4616.7	7.3	4642.0	8.3	I	1988	
4679.0	5.8	4621.7	4.9	4682.6	5.8	4731.5	7.9	II		
4759.0	7.0	4692.3	6.3	4743.9	5.3	4817.2	7.4	III		
4848.0	7.7	4773.3	7.1	4811.4	5.8	4899.0	7.0	IV		
		4850.9	6.7	4888.7	6.6	4985.1	7.2	I	1989	
		4929.1	6.6	4965.2	6.4	5065.6	6.6	II		
4450.4	5.8	4424.1	5.2	4441.5	5.6	4442.4	5.6	Annual	1987	
4724.8	6.2	4663.5	5.4	4713.7	6.1	4772.4	7.4	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
$3735.9	**4.4%**	**$3735.9**	**4.4%**	**$3735.9**	**4.4%**	**$3735.9**	**4.4%**	**I**	**1987**	**Actual**
3755.7	2.1	3741.9	.6	3750.6	1.6	3743.3	.8	II		
3777.6	2.4	3759.5	1.9	3781.2	3.3	3761.3	1.9	III		
3796.7	2.0	3785.8	2.8	3802.6	2.3	3792.0	3.3	IV		
3806.1	1.0	3794.8	1.0	3837.3	3.7	3826.9	3.7	I	1988	
3819.6	1.4	3812.5	1.9	3857.7	2.1	3858.3	3.3	II		
3841.0	2.3	3841.9	3.1	3871.2	1.4	3883.7	2.7	III		
3866.0	2.6	3878.5	3.9	3892.9	2.3	3904.9	2.2	IV		
		3903.5	2.6	3916.8	2.5	3927.3	2.3	I	1989	
		3932.2	3.0	3941.0	2.5	3943.0	1.6	II		
3766.5	2.5	3755.8	2.2	3767.6	2.5	3758.1	2.3	Annual	1987	
3833.2	1.8	3831.9	2.0	3864.8	2.6	3868.5	2.9	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
116.4	**4.1%**	**116.4**	**4.1%**	**116.4**	**4.1%**	**116.4**	**4.1%**	**I**	**1987**	**Actual**
117.5	3.9	117.4	3.4	117.4	3.5	117.6	4.2	II		
118.7	4.1	118.3	3.1	118.4	3.5	118.8	4.3	III		
120.0	4.5	119.1	2.9	119.3	2.9	120.0	4.0	IV		
121.2	4.1	120.3	4.1	120.3	3.5	121.3	4.4	I	1988	
122.5	4.4	121.2	3.0	121.4	3.6	122.6	4.5	II		
123.9	4.7	122.1	3.0	122.5	3.9	124.0	4.7	III		
125.4	4.9	123.1	3.1	123.6	3.5	125.5	4.7	IV		
		124.3	4.0	124.8	4.0	126.9	4.8	I	1989	
		125.4	3.5	126.0	3.8	128.5	4.9	II		
118.1	3.2	117.8	2.9	117.9	3.0	118.2	3.3	Annual	1987	
123.3	4.3	121.7	3.3	122.0	3.5	123.4	4.4	Annual	1988	
								Unemployment Rate		
	6.7%		**6.7%**		**6.7%**		**6.7%**	**I**	**1987**	**Actual**
	6.4		6.5		6.4		6.5	II		
	6.3		6.6		6.5		6.6	III		
	6.3		6.5		6.5		6.6	IV		
	6.6		6.6		6.5		6.5	I	1988	
	6.8		6.6		6.4		6.4	II		
	6.9		6.6		6.4		6.4	III		
	6.9		6.5		6.4		6.4	IV		
			6.3		6.4		6.5	I	1989	
			6.1		6.4		6.6	II		
	6.4		6.6		6.5		6.6	Annual	1987	
	6.8		6.6		6.4		6.4	Annual	1988	

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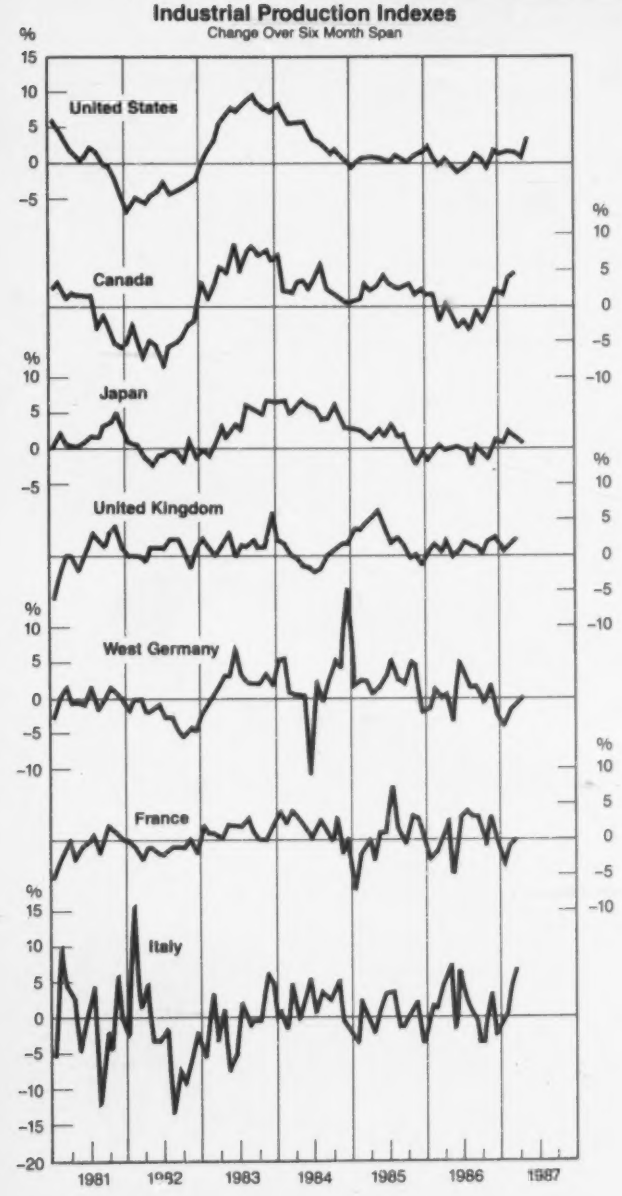
Selected International Comparisons

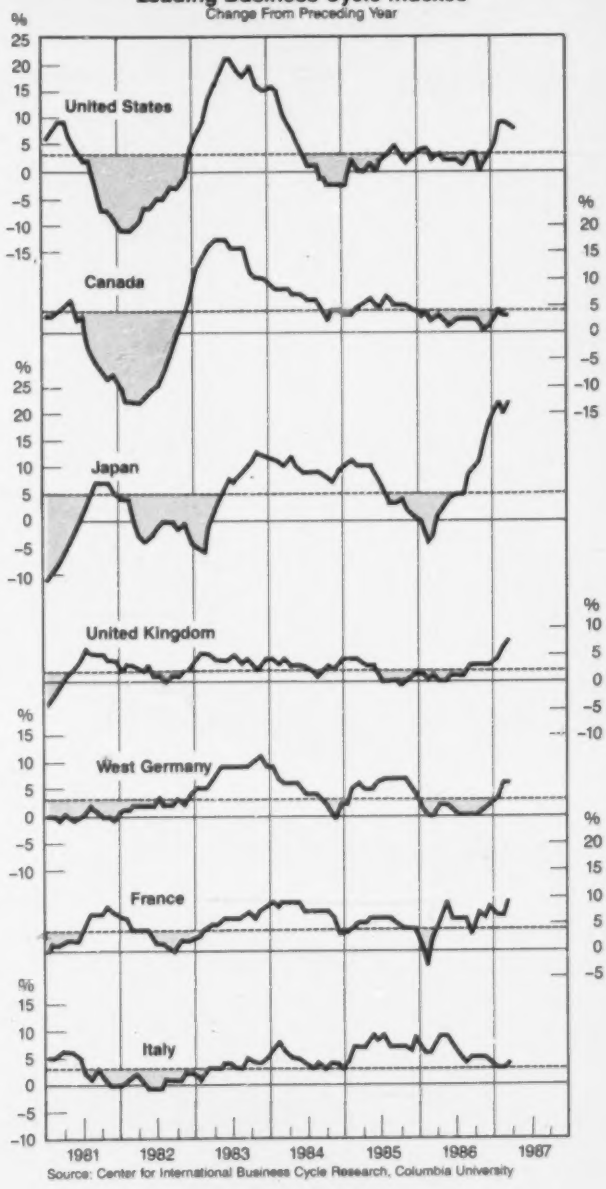
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

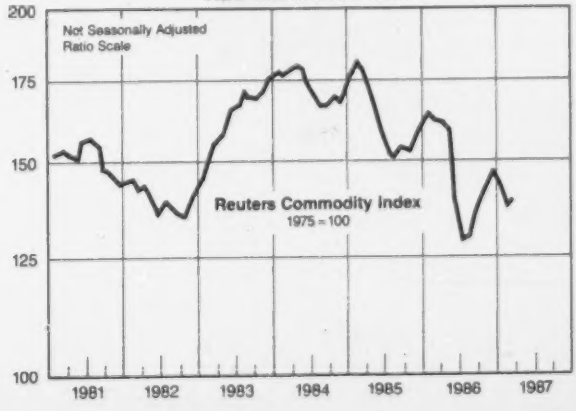
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

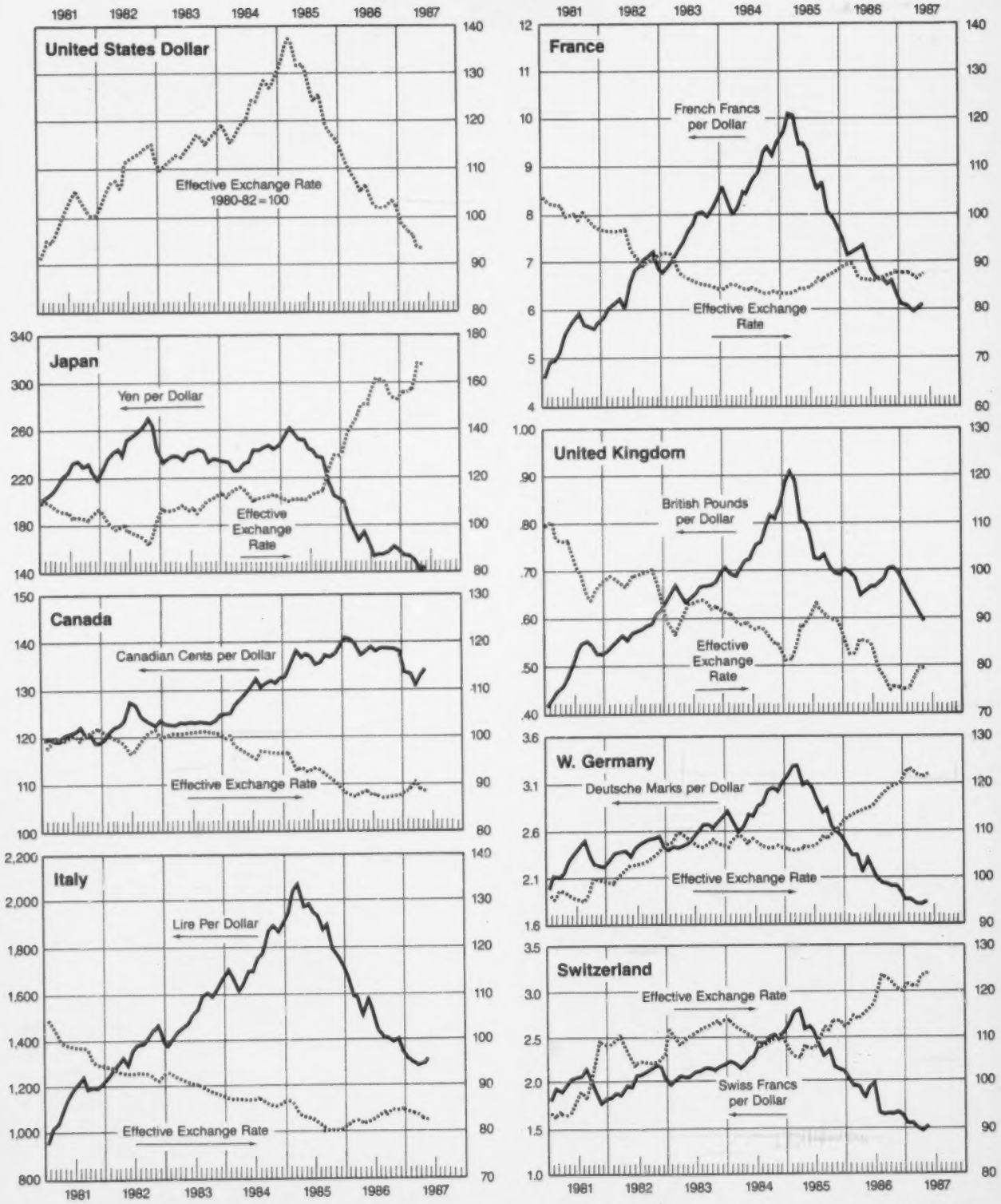
Merchandise Trade: Value of Exports

Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82=100



Note: Nominal Effective Exchange Rates: index numbers 1980-82=100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

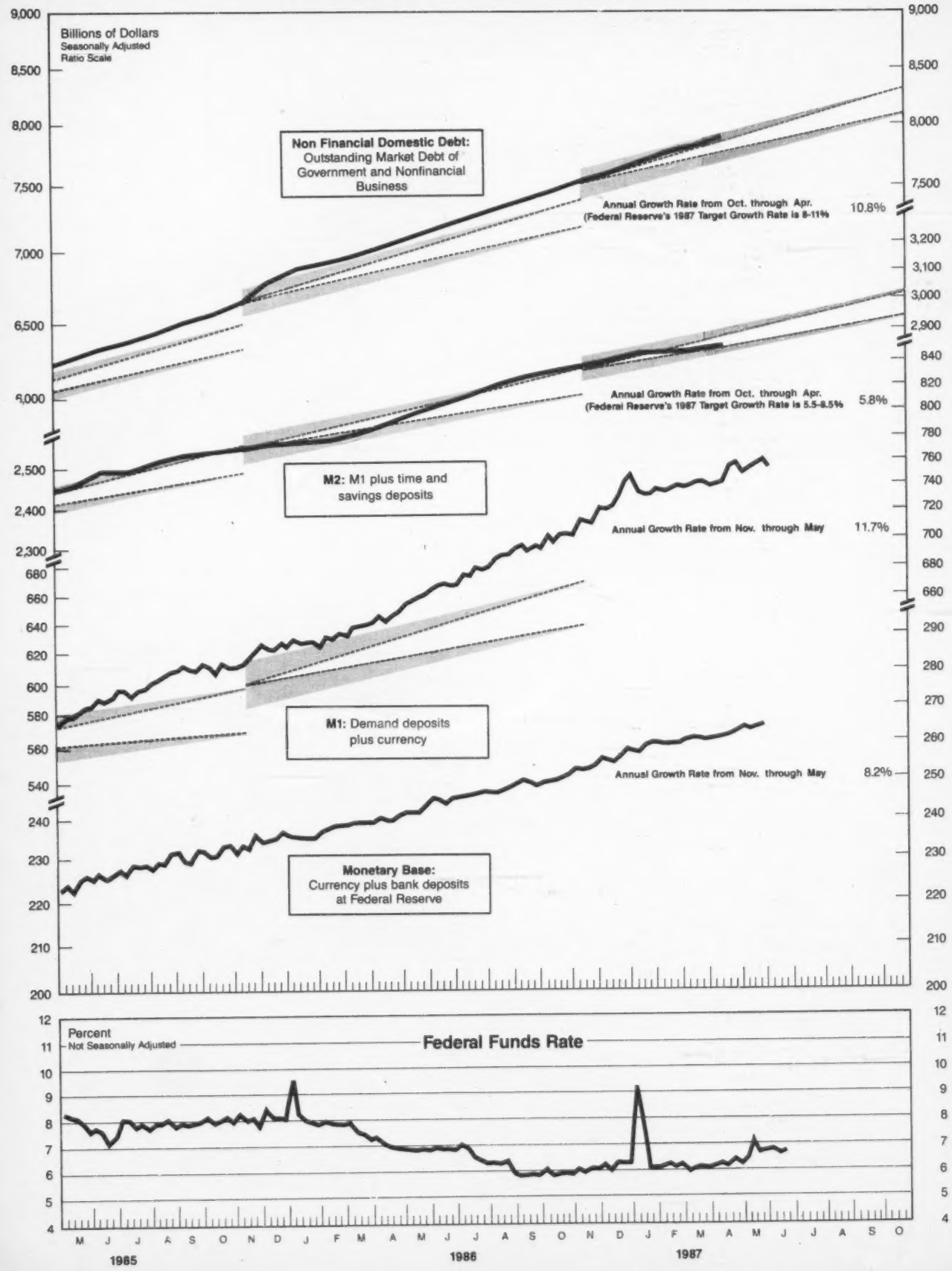
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987		Fiscal 1988
	Actual	Administration's Latest Estimate	Congress's Latest Estimte	Congress's Latest Estimate
		(1/5/87)	(2/19/87)	(2/19/87)
Receipts	**$769.1**	**$842.4**	**$834.2**	**$ 905.4**
Outlays	**989.8**	**1,015.6**	**1,010.4**	**1,039.8**
Deficit	**-220.7**	**-173.2**	**176.2**	**-134.4**
Receipts by source	**$769.1**	**$842.4**	**$834.2**	**$ 905.4**
Individual income	349.0	364.0	361.3	381.4
Social security	283.9	301.5	300.8	331.8
Corporate income	63.1	104.8	100.6	119.3
Other receipts	73.1	72.1	71.5	73.0
Outlays by function	**$989.8**	**$1,015.6**	**$1,010.2**	**$1,039.8**
National defense	273.4	282.2		298.3
Social security	269.0	279.5		298.8
Income security	119.8	124.9		127.2
Health	35.9	39.7		40.8
Education & manpower	29.7	29.8		28.5
Veterans benefits	26.4	26.7		26.7
Transportation	28.1	27.0		27.0
Agriculture	31.4	31.1		24.9
International affairs	14.2	14.6		16.6
Natural resources	13.6	13.9		14.1
General science	9.0	9.5		11.2
Justice	6.6	8.3		9.2
General government	6.1	6.8		7.7
Community development	7.5	6.2		5.2
Commerce, Housing credit	4.4	9.3		4.3
Energy	4.7	3.8		3.3
Revenue sharing	6.4	1.9		1.5
Interest	136.0	137.5		139.0
Allowances	0.0	0.0		- 1.2
Offsetting receipts	- 33.0	- 37.1		- 43.5

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP			
Current Dollar	**$4,216.0**	**$4,493.0**	**$4,816.0**
Constant (1982) Dollar	**3,681.0**	**3,794.0**	**3,928.0**
Percent change in			
Current dollar	5.5%	6.5%	7.2%
Constant (1982) dollar	2.7	3.1	3.5
Implicit price index	2.8	3.3	3.5
Consumer price index	1.6	3.0	3.6
91-Day T bill rate	6.0	5.4	5.6
Unemployment rate	6.9	6.7	6.3

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from Oct. through Apr. (Federal Reserve's 1987 Target Growth Rate is 8-11%) 10.8%
M2: M1 plus time and savings deposits
Annual Growth Rate from Oct. through Apr. (Federal Reserve's 1987 Target Growth Rate is 5.5-8.5%) 5.8%
M1: Demand deposits plus currency
Annual Growth Rate from Nov. through May 11.7%
Monetary Base: Currency plus bank deposits at Federal Reserve
Annual Growth Rate from Nov. through May 8.2%
Percent
Not Seasonally Adjusted
Federal Funds Rate
M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O
1985
1986
1987

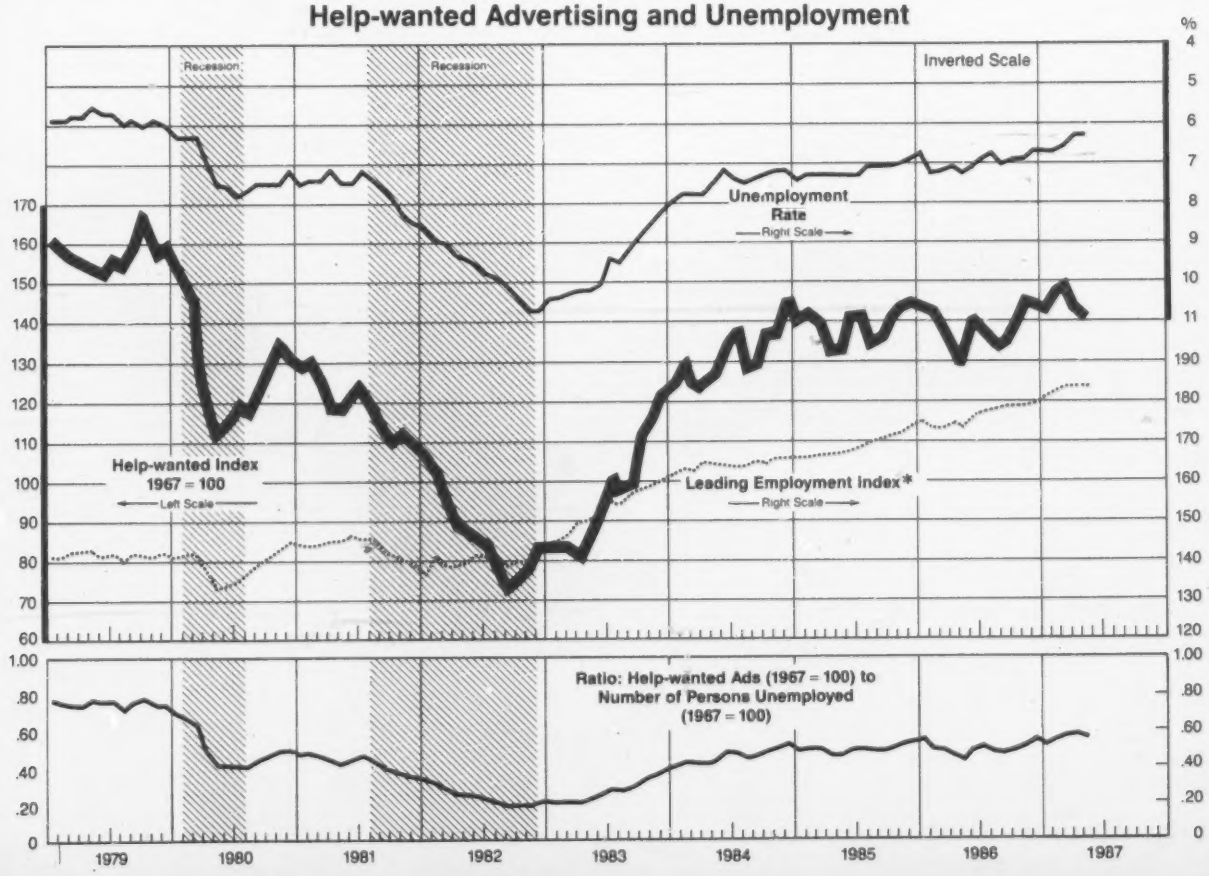
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1987 Apr.	1987 Mar.	1987 Feb.	1986 Apr.
National Index	144	150	147	132
New England	183	186	177	162
Boston	183	189	180	170
Hartford	192	193	189	164
Providence	174	169	158	132
Middle Atlantic	82	87r	84	73
Albany	194	184r	199	169
Allentown	302	316	312	189
New York	64	66	61	60
Philadelphia	70	80	73	63
Pittsburgh	82	98	98	81
Rochester	83	89	100	81
Syracuse	123	139	131	123
East North Central	94	101	101	90
Chicago	105	113	113	94
Cincinnati	145	155	156	144
Cleveland	59	67	64	59
Columbus	158	178	180	147
Dayton	81	86	83	83
Detroit	55	60	60	67
Gary	129	143	153	112
Indianapolis	110	112	112	98
Milwaukee	67	66	69	56
Toledo	124	129	132	119
West North Central	89	97r	94	88
Kansas City	129	138	133	149
Minneapolis	79	90r	84	67
Omaha	137	141	128	115
St. Louis	63	68	70	65
South Atlantic	203	214	199	174
Atlanta	251	266	268	263
Baltimore	284	248	198	185
Charlotte	183	202	185	152
Jacksonville	233	237	218	213
Miami	96	114	102	78
Richmond	147	158	173	128
Washington, D.C.	184	216	207	164
East South Central	161	172	168	156
Birmingham	147	165	174	149
Knoxville	255	282	262	222
Louisville	78	89	86	74
Memphis	142	145	141	125
Nashville	N.A.	242	238	257
West South Central	151	160	160	176
Dallas	139	142	151	202
Houston	205	230	222	224
New Orleans	109	106	118	99
Oklahoma City	101	104	99	102
San Antonio	143	153	143	178
Tulsa	116	117	114	122
Mountain	277	300	305	268
Denver	172	189	195	166
Phoenix	408	439	437	395
Salt Lake City	295	320	333	287
Pacific	230	225	225	197
Los Angeles	158	150	151	140
Sacramento	449	439	447	370
San Bernadino	281	283	304	230
San Diego	536	534	542	459
San Francisco	230	231	221	191
Seattle	219	219	216	192
Percentage of papers with rising volume	16	61	69	24
Unemployment rate	6.3	6.6	6.7	7.1

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



*Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	103.9r	101.0r	101.1r	106.1r	104.8r	105.8r	100.4r	103.1r	100.0r	99.1r	105.4r	97.0r
1985	102.0r	103.1r	96.1r	104.4r	99.6r	102.6r	103.2r	100.9r	96.0r	96.1r	98.1r	98.2r
1986	96.9r	96.0r	95.1r	100.0r	100.2r	100.0r	97.5r	91.7r	89.7r	85.9r	89.7r	93.2r
1987	85.4r	91.8r	95.8r	97.4r	103.1p							

Buying Plans Index

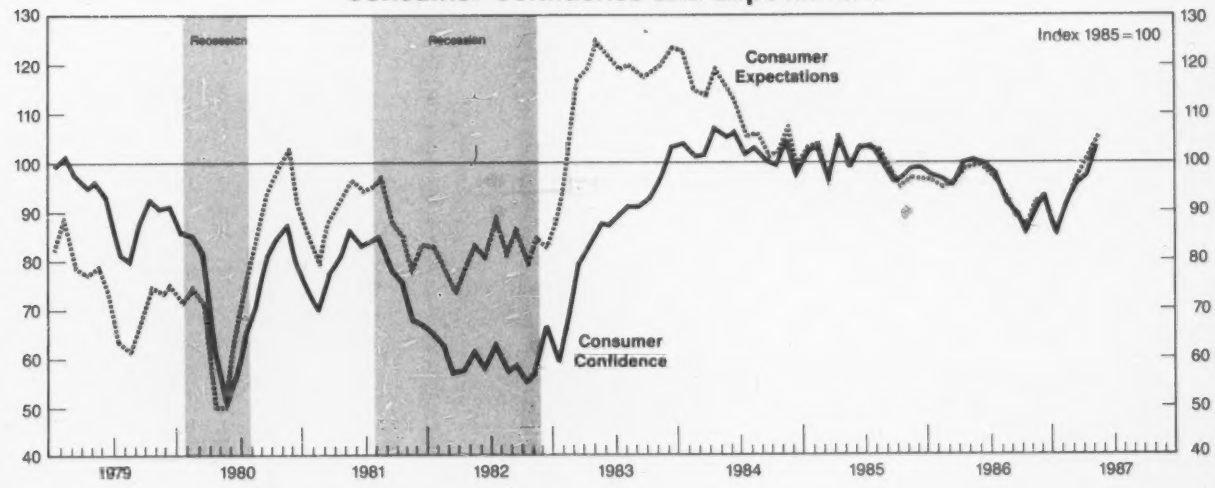
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	93.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	95.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9	93.1	98.7r	89.7	113.3p							

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary

Consumer Confidence and Expectations



CBDB

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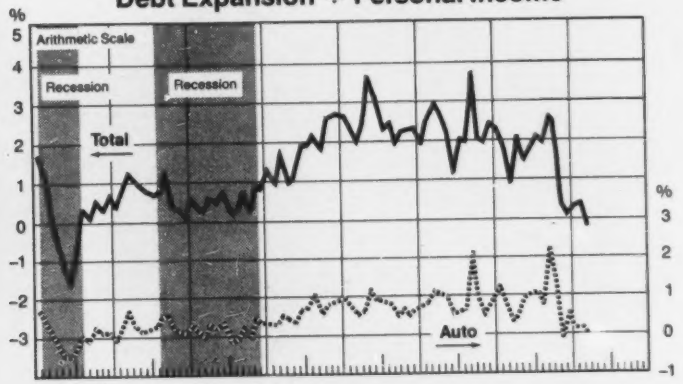
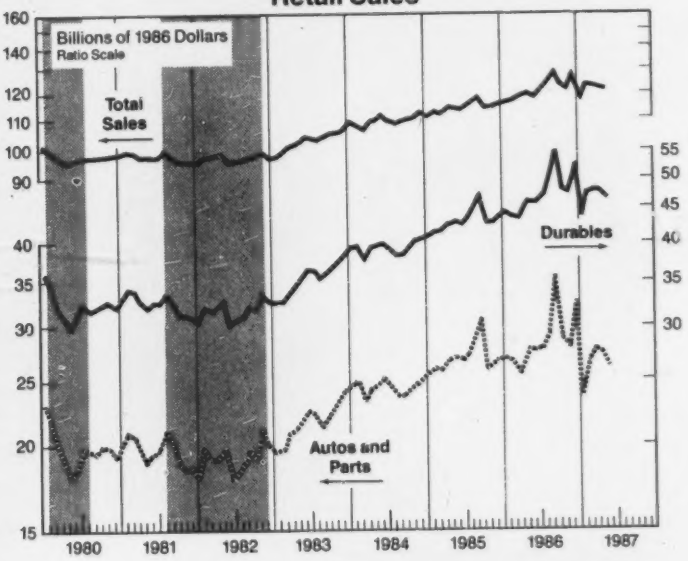
Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



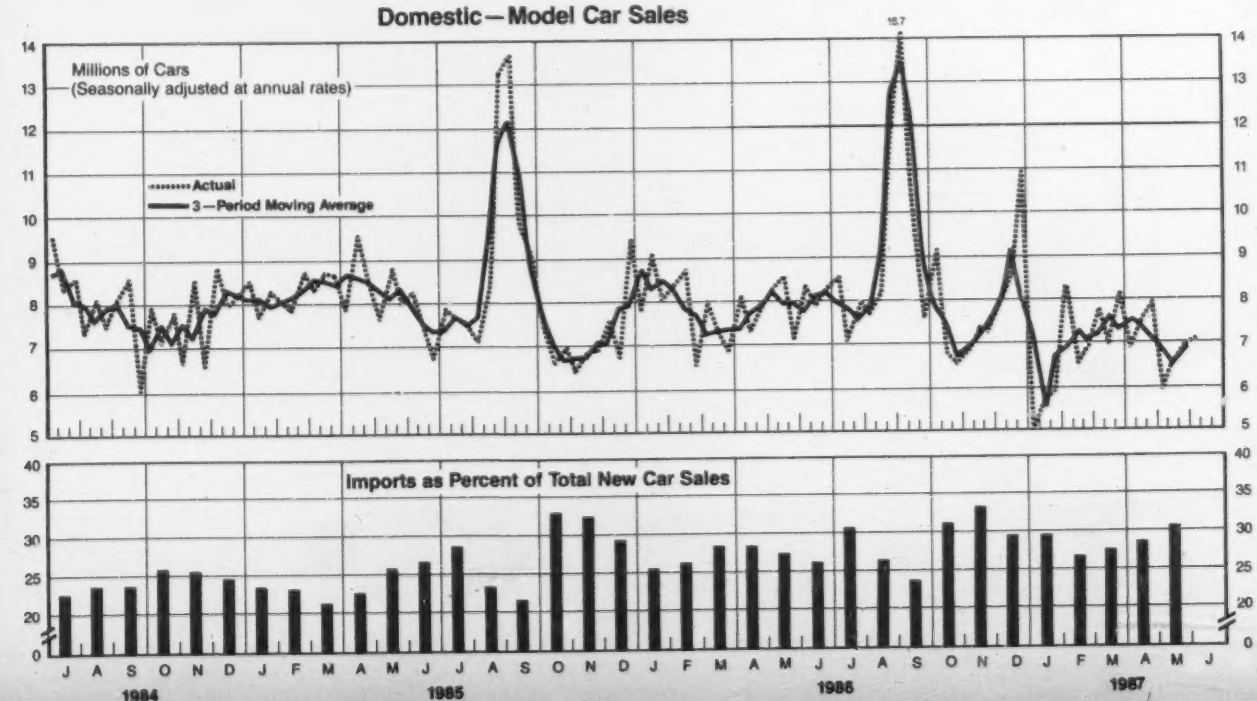
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January:	1-10	8.16	8.46	7.76	4.78
	11-20	7.84	7.66	9.05	5.71
	21-31	9.15	8.23	8.02	5.95
February:	1-10	7.79	8.01	8.36	8.26
	11-20	9.17	7.84	8.71	6.46
	21-28(29)	7.60	8.69	6.47	6.87
March:	1-10	7.35	8.27	7.93	7.76
	11-20	8.13	8.73	7.23	6.95
	21-31	7.35	8.67	6.81	8.13
April:	1-10	8.88	7.84	8.06	6.85
	11-20	7.96	9.48	7.25	7.52
	21-30	8.60	8.42	7.92	7.89
May:	1-10	8.19	7.60	8.30	5.93
	11-20	7.74	8.78	8.57	6.44
	21-31	8.43	7.96	7.09	6.96
June:	1-10	7.22	8.21	8.27	7.03
	11-20	8.25	7.51	7.84	
	21-30	8.10	6.71	8.30	
July:	1-10	9.51	7.81	8.50	
	11-20	8.32	7.63	7.03	
	21-31	8.59	7.57	7.96	
August:	1-10	7.33	7.09	7.64	
	11-20	8.07	8.30	8.19	
	21-31	7.43	13.23	11.65	
September:	1-10	8.13	13.64	18.67	
	11-20	8.52	9.70	9.87	
	21-30	6.03	9.10	7.58	
October:	1-10	7.83	7.40	9.07	
	11-20	7.07	6.57	6.72	
	21-31	7.70	6.92	6.51	
November:	1-10	6.60	6.40	6.80	
	11-20	8.44	6.81	7.32	
	21-30	6.57	6.91	7.23	
December:	1-10	8.75	7.56	7.95	
	11-20	7.96	6.69	8.54	
	21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
18.7
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1984
1985
1986
1987